

§ 159I-16. Trust agreement or resolution.

(a) In the discretion of the Board, any bonds and notes issued under the provisions of this Chapter may be secured by a trust agreement by and between the Board and a corporate trustee or by a resolution providing for the appointment of a corporate trustee. The corporate trustee may be, in either case, any trust company or bank having the powers of a trust company within or without the State. Such trust agreement or resolution may pledge or assign all or part of the revenues or assets of the Board, including, without limitation, loan agreements, agreements or commitments to enter into loan agreements, contracts, agreements and other security or investment obligations, any fees or charges made or received by the Board, the moneys received in payment of loans and interest thereon, and any other moneys received by the Board. The trust agreement or resolution may contain such provisions for protecting and enforcing the rights and remedies of the owners of any bonds or notes issued thereunder as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Board in respect of the purposes to which bond or note proceeds may be applied, the disposition and application of the revenues or assets of the Board, the duties of the Board with respect to the acquisition and disposition of any project and the purchase, acceptance and disposition of any loan agreement, the charges and collection of any revenues and administrative charges, the terms and conditions for the issuance of additional bonds and notes, and the custody, safeguarding, investment, and application of all moneys. All bonds and notes issued under this Chapter shall be equally and ratably secured by a pledge, charge, and lien upon the revenues or assets provided in such trust agreement or resolution, without priority by reason of number, or dates of bonds or notes, execution, or delivery, in accordance with the provision of this Chapter and of such trust agreement or resolution; except that the Board may provide in such trust agreement or resolution that bonds or notes issued pursuant thereto shall, to the extent and in the manner prescribed in such trust agreement or resolution, be subordinated and junior in standing, with respect to the payment of principal and interest and to the security thereof, to any other bonds or notes. It shall be lawful for any bank or trust company that may act as depositary of the proceeds of bonds or notes, revenues, assets, or other money hereunder to furnish such indemnifying bonds or to pledge such securities as may be required by the Board. Any trust agreement or resolution may set out the rights and remedies of the owners of any bonds or notes and of any trustee, and may restrict the individual rights of action by any such owners. In addition to the foregoing, any trust agreement or resolution may contain such other provisions as the Board may deem reasonable and proper for the security of the owners of any bonds or notes. Expenses incurred in carrying out the provisions of any trust agreement or resolution may be treated as a part of the cost of any project or as an administrative charge and may be paid from the revenues or assets pledged or assigned to the payment of the principal of and the interest on bonds and notes or from any other funds available to the Board.

(b) The Board may set the terms and conditions of loan agreements, including, without limitation, the repayment terms, so as to provide a fund sufficient, with such other funds as may be made available therefor, including, without limitation, investment income and the proceeds of administrative charges to the extent determined by the Board:

- (1) To pay the costs of operation of the Board,
- (2) To pay the principal of and the interest on all bonds and notes as the same shall become due and payable, and
- (3) To create and maintain any reserves provided for in the trust agreement or resolution securing such bonds or notes.

(c) All pledges of any assets or revenues of the Board as authorized by this Chapter shall be valid and binding from the time when such pledges are made. All such assets or

revenues so pledged and thereafter received by the Board shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Board, irrespective of whether such parties have notice thereof. The trust agreement or resolution by which a pledge is created or any loan obligation need not be filed or recorded except in the records of the Board.

(d) The State does pledge to and agree with the holders of any bonds or notes issued by the Board that so long as any of such bonds or notes are outstanding and unpaid the State will not limit or alter the rights vested in the Board at the time of issuance of the bonds or notes to set the terms and conditions of loan agreements in connection with which the bonds or notes were issued, so as to provide a fund sufficient, with such other funds as may be made available therefor, including without limitation, investment income and the proceeds of administrative charges to the extent determined by the Board, to pay the costs of operation of the Board, to pay the principal of and the interest on all bonds and notes as the same shall become due and payable, and to create and maintain any reserves provided therefor, and to fulfill the terms of any agreements made with the bondholders or noteholders. The State shall in no way impair the rights and remedies of the bondholders or noteholders until the bonds or notes and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders or noteholders, are fully paid, met, and discharged. (1989, c. 756, s. 1; 1989 (Reg. Sess., 1990), c. 1004, ss. 24, 25; c. 1024, s. 38(c), (d); 2011-266, s. 1.26(c).)